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FISCAL IMPACT REPORT

SPONSOR Hall ORIGINAL DATE 2/20/17
 LAST UPDATED 2/22/17 HB 490

SHORT TITLE Funds to County-Supported Medicaid Fund SB _____

ANALYST Boerner

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY17*	FY18	FY19		
\$7,419.6	\$28,073.9	\$30,166.8	Recurring	County-Supported Medicaid Fund

(Parenthesis () Indicate Revenue Decreases)

*Assuming an effective date of April 1, 2017

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)

SUMMARY

Synopsis of Bill

The County-Supported Medicaid Fund is appropriated by the Legislature to partially fund Medicaid expenses.

House Bill 490 (HB 490) amends Section 27-10-4 NMSA 1978 with the addition of Subsection D which would require counties to contribute to the county-supported Medicaid fund (CSMF) an additional 1/16th percent applied to the taxable gross receipts reported during the prior fiscal year. As noted by HSD, as a result of this bill, counties would be providing the equivalent of a one-eighth percent of the county taxable gross receipts to the fund.

The second 1/16th increment is to be distributed as the first—namely, that 9 percent of the additional revenue will be distributed to the Department of Health to institute or support primary care health care services and the remainder to the CSMF.

FISCAL IMPLICATIONS

As presented in the table above, the FY17 revenue estimate assumes the bill takes effect on April 1, 2017. LFC projected revenues above are derived from information about expected gross receipts tax revenues as estimated in the December 2016 General Fund Consensus Revenue Estimate for FY16, FY17 and FY18.

SIGNIFICANT ISSUES

HSD provided the points below regarding how CSMF money is used, its appropriateness as a funding source for Medicaid, and the implications of the tax on county finances. Further, numerous LFC publications have covered similar points, including how the expansion of Medicaid under the Accountable Care Act (ACA) has impacted county indigent populations and resources. For example, as far back as October 2014, LFC noted, “With Medicaid expansion and new health insurance options for New Mexicans, the need for county indigent programs will diminish significantly. As the ACA and Medicaid expansion reduce the uninsured population, the legislative mandate and funding of county indigent care should be revisited.” For example, see:

https://www.nmlegis.gov/Entity/LFC/Documents/Program_Evaluation_Reports/Human%20Services%20Department%20and%20Department%20of%20Finance%20and%20Administration%20-%20County-Financed%20Health%20Care%20and%20the%20Local%20DWI%20Grant%20Program.pdf

Money in the County Supported Medicaid Fund supports:

- Rural and primary health care clinics through the Department of Health (9 percent or approximately an additional \$2.5 million).
- Medicaid services state wide. The funding would be used to leverage federal Medicaid funding for health care services in counties statewide. For example, in FY18 the \$28.07 million for Medicaid would leverage an additional \$72.9 million of federal funds for health care services. For FY18, the bill would support \$101 million in health care services through Medicaid.

County Supported Medicaid funds are an appropriate source of financing:

- Since Medicaid expansion took effect in 2014, enrollment in Medicaid has grown 46.5 percent ¹
- The vast majority of these individuals were previously uninsured and could seek services from county indigent programs.
- Medicaid has relieved the burden on counties for providing indigent care for almost 300,000 New Mexicans, yet county contributions for Medicaid health care services have remained flat.

Implications on Counties’ Taxes:

- HB 490 does not require counties to raise taxes.

¹ December 2016 enrollment compared to December 2014 enrollment by County. See attached.

- The counties may transfer funds from any source.
- Counties have already enacted multiple tax increments for health care services. Now that Medicaid pays for those services, counties have available funding to support this additional transfer.
- Many counties have balances in their county indigent funds which have grown, despite other efforts to expand services.

Finally, the table below provided by HSD demonstrates the growth in Medicaid patients by county, including the number and percent of total clients in the Medicaid Expansion group which became eligible under the ACA in January 2014.

**STATE OF NEW MEXICO
HUMAN SERVICES DEPARTMENT
Medical Assistance Division**

New Mexico County Medicaid Populations

County	Total Medicaid Dec-2013	Total Medicaid Dec-2016	Growth of Total Medicaid	Medicaid Expansion Dec-2016	Medicaid Expansion % of Total Medicaid Dec-2016
Bernalillo	171,054	248,179	45.1%	72,817	29.3%
Catron	657	968	47.3%	339	35.0%
Chaves	23,840	31,743	33.2%	8,019	25.3%
Cibola	9,778	13,922	42.4%	3,870	27.8%
Colfax	3,453	5,315	53.9%	1,532	28.8%
Curry	14,519	19,349	33.3%	4,711	24.3%
De Baca	611	814	33.2%	212	26.0%
Dona Ana	79,914	111,283	39.3%	31,920	28.7%
Eddy	15,737	22,954	45.9%	5,471	23.8%
Grant	8,828	12,130	37.4%	3,758	31.0%
Guadalupe	1,678	2,195	30.8%	608	27.7%
Harding	68	116	70.6%	35	30.2%
Hidalgo	1,486	2,103	41.5%	639	30.4%
Lea	18,473	29,841	61.5%	6,679	22.4%
Lincoln	5,743	8,149	41.9%	2,492	30.6%
Los Alamos	742	1,203	62.1%	409	34.0%
Luna	11,234	16,440	46.3%	4,537	27.6%
McKinley	32,430	45,090	39.0%	12,144	26.9%
Mora	1,249	1,764	41.2%	518	29.4%
Otero	14,203	22,513	58.5%	6,982	31.0%
Quay	3,213	4,313	34.2%	1,229	28.5%
Rio Arriba	17,588	23,203	31.9%	6,570	28.3%
Roosevelt	5,591	7,827	40.0%	2,097	26.8%
San Juan	40,195	59,101	47.0%	15,741	26.6%
San Miguel	10,544	13,805	30.9%	4,127	29.9%
Sandoval	32,257	47,183	46.3%	12,893	27.3%

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Santa Fe	29,707	66,105	122.5%	25,573	38.7%
Sierra	4,524	7,090	56.7%	2,208	31.1%
Socorro	6,239	8,790	40.9%	2,615	29.7%
Taos	10,774	15,832	46.9%	5,490	34.7%
Torrance	7,610	9,549	25.5%	2,814	29.5%
Union	876	841	-4.0%	187	22.2%
Valencia	24,384	32,972	35.2%	9,028	27.4%
Out of State	1,066	1,281	20.2%	170	13.3%
Total	610,265	893,963	46.49%	258,434	28.91%
		283,698			

2/6/2017

County-Supported Medicaid Contributions			
(in thousands)			
	FY16 Actual	FY17 Opbud	FY18 HAFC
Rural and Primary Health Care Contributions	\$2,436.8	\$2,752.9	\$3,060.0
Medical Assistance Program*	\$28,350.0	\$31,704.0	\$29,500.0

*Based on HSD January 2017 Medicaid Projection

Note: For FY17, appropriations from CSMC included prior year fund balances. For FY18, the current HAFC scenario exceeds the current revenue projection by about \$4.5 million (not including additional revenue as proposed by HB 490). According to the Department of Finance and Administration, the CSMC fund balance at the end of FY16 was approximately \$4.7 million.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Without additional revenue dedicated to Medicaid, such as for the county-supported Medicaid fund as provided in this bill, HSD will need to implement additional cost containment measures in FY18.

CB/jle